

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
Mt. Carmel Public Utility Company	:	08-0618
	:	
Reconciliation of revenues collected	:	
under fuel adjustment charges with	:	
actual costs prudently incurred.	:	

ORDER

By the Commission:

On November 13, 2008, the Illinois Commerce Commission ("Commission") entered an Order Commencing FAC Reconciliation Proceedings, which directed Mt. Carmel Public Utility Co. ("Mt. Carmel"), to present evidence at a public hearing in this docket showing the reconciliation of revenues collected under its Fuel Adjustment Clause tariff ("FAC") with the actual cost of fuel supplies prudently incurred and recoverable under said FAC tariff for the year ending December 31, 2008, (the "Reconciliation Period"). Notice of the filing of Mt. Carmel's testimony and schedules with the Commission was posted in its business offices and was published in newspapers having general circulation in its service territory, in the manner prescribed by 83 Ill. Adm. Code 255, in compliance with the Commission's Order.

Pursuant to proper legal notice, a prehearing conference was held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois on May 13, 2009. Thereafter, an evidentiary hearing was held on September 30, 2009. Appearances were entered by counsel for Mt. Carmel and by the Office of General Counsel for the Commission. Both Mt. Carmel and Staff presented evidence, and at the conclusion of the latter hearing, the record was marked "Heard and Taken."

Section 9-220 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., provides in part that "notwithstanding the provisions of Section 9-201, the Commission may authorize an increase or decrease in rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, [or] changes in the cost of purchase power . . . through the application of fuel adjustment clauses" Rules implementing Section 9-220 are contained in 83 Ill. Adm. Code 425, "Uniform Electric Fuel Adjustment." Under Section 425.20, "the fuel charge passed through the FAC is the total amount of allowable fuel and fuel related charges as identified herein." The formula for determining the fuel adjustment charge per kilowatt-hour is set forth in Section 425.30. Rules regarding economic dispatch, billing periods, allowable fuel and fuel related charges, allowable

energy charges associated with purchased power, base fuel costs, non-jurisdictional sales, and desulfurization costs are contained in Section 425.40.

Philip Barnhard, IV, President of Mt. Carmel, is responsible for supervising the calculation and filing with the Commission of Mt. Carmel's monthly and annual reconciliation required by Mt. Carmel's FAC tariff. In his Direct Testimony marked Mt. Carmel Exhibit 1.0 he testified that Mt. Carmel purchased all of its electric power requirements in calendar year 2008 from Duke Energy Indiana. Mr. Barnhard sponsored Exhibits E-1 and E-2 attached to his direct testimony, which identify and reconcile all components of Mt. Carmel's 2008 fuel costs and recoveries. Exhibit E-1 is a copy of Mt. Carmel's FAC rate sheets. Exhibit E-2 shows the reconciliation of revenues and costs, including Mt. Carmel's requested ordered reconciliation factor. Mr. Barnhard also expresses the opinion that Mt. Carmel's fuel supply purchases were prudent during 2008.

Mike Ostrander of the Accounting Department of the Financial Analysis Division, in his Direct Testimony as set out in ICC Staff Exhibit 1.0, testified that he reviewed Mt. Carmel's filing and the underlying documents that support the FAC reconciliation calculations. Mr. Ostrander recommends adjustments be made to correct Line 1, Line 2 and Line 4 of Company's proposed reconciliation schedule, to correct errors in Mt. Carmel's FAC reconciliation. His first adjustment reflects an adjustment to Line 1, Balance of Factor Ra at 12/31/07 per 2007 Reconciliation, adjusted to equal the 12/31/07 Factor Ra balance per the Order Appendix in Docket No. 07-0565. His second adjustment (Line 2, Factor Ro Collected/(Refunded) during 2008 from prior periods), is adjusted to reflect that the Factor Ro was not refunded until 2009. His third adjustment (Line 4, 2008 FAC Recoverable Costs), reflects an adjustment to decrease costs by \$2,391 for a credit invoice not included in 2008 recoverable costs. The overall impact of his adjustments results in a Factor Ro refund of \$2,239. Mr. Ostrander recommends that the Commission direct Mt. Carmel to refund this amount in its fuel adjustment charge in its first monthly FAC filing following the date of the order in this docket. Mt. Carmel, by the Rebuttal Testimony of Mr. Barnhard in Mt. Carmel 1.0R, accepts Mr. Ostrander's adjustments and recommendation.

Mona Elsaid, a member of the Engineering Department of the Energy Division also testified in her Direct Testimony marked ICC Staff Exhibit 2.0 that she reviewed Mt. Carmel's filing and responses to data requests concerning the prudence of its fuel supply purchases during the Reconciliation Period. Ms. Elsaid further states that she found no reason to dispute Mt. Carmel's assertion that all fuel and power supply purchases were prudently incurred during the reconciliation period.

Commission's Conclusions, Findings, and Ordering Paragraphs

The evidence shows that during the calendar year 2008 Reconciliation Period, Mt. Carmel acted prudently in its procurement of fuel supply. The evidence presented by the parties further shows that the cost of purchased fuel has been reconciled satisfactorily with the revenues received for such fuel during calendar year 2008.

The Commission notes that a review of the 2007 FAC reconciliation for fuel in Docket No. 07-0565 shows a balance to be refunded during the 2008 period in the amount of \$275,136 as reflected in the attached Appendix, lines 1-3. The activity for the 2008 reconciliation period shows an under recovery in the amount of \$10,330 as reflected in the attached Appendix, lines 4-7. Thus, adding the balance refunded during the 2008 period and the under recovery during 2008, the FAC reconciliation balance on December 31, 2008 to be refunded is (\$264,806) and the Factor Ra balance is (\$262,567), resulting in a Factor O in the amount of (\$2,239), as reflected in the attached Appendix, lines 8-10.

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) Mt. Carmel is a corporation engaged in the distribution of electricity to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over Respondent and of the subject matter of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact;
- (4) the evidence shows that during the Reconciliation Period, Mt. Carmel acted reasonably and prudently in its purchase of fuel; and
- (5) the reconciliation of Mt. Carmel's revenues collected under its FAC tariff with the actual cost of fuel supplies during the Reconciliation Period, as described in the Appendix attached hereto, should be approved.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation for Mt. Carmel Public Utility Co. of the revenues collected under its FAC tariff with costs prudently incurred for the purchase of fuel for calendar year 2008, set forth in the Appendix hereto, is hereby approved.

IT IS FURTHER ORDERED that Mt. Carmel Public Utility Co. refund the over recovered amount of (\$2,239) in its first monthly FAC filing following the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 24th day of November, 2009.

(SIGNED) CHARLES E. BOX

Chairman